

Appendix Q

John Smith's Presentation on the South Dakota Public Utilities Commission – Pipeline Safety

South Dakota Gas Pipeline Safety Program

Overview

Program Coverage

- Intrastate (in-state) hazardous gas pipelines:
 - Natural gas
 - Propane
 - Liquefied natural gas (not any intrastate)
 - Hydrogen (not any intrastate)
 - Other hazardous gases (not any intrastate)

Authority

- SDPUC has a section 60105 certification under the federal pipeline safety statutes in 49 U.S.C. 60101
- This certification by the Office of Pipeline Safety gives the SDPUC authority to regulate, inspect, and enforce rules including assessing penalties
- This authority has been adopted in chapter 49-34B of SDCL with federal gas regulations in 49 CFR 191 and 49 CFR 192 adopted with no changes

Program Operational Overview

- 1 FTE: 2 engineers at 50 % each
- 100 inspection days per year
- Complete regulation review once every two years
- Inspection types:
 - Records
 - Field
 - Construction
 - Drug and Alcohol
 - Public Awareness
 - Operator Qualification
 - Integrity Management

Covered Operators

- Basin Groton CT Pipeline
- Black Hills Power
- Burke Housing Authority - propane
- Crooks Municipal Gas
- Garretson Municipal Gas
- Humboldt Municipal Gas
- Mid-American Energy
- Montana-Dakota Utilities
- Namanny's Subdivision – master meter
- NorthStar Energy – Pollock – propane
- NorthWestern Energy
- South Dakota Intrastate Pipeline
- Watertown Municipal Gas
- Xcel Angus Anson Pipeline

Gas Statistics for South Dakota

- Gas transmission mileage 206
- Gas distribution mileage 2,786
- Number of gas services 138,033

Federal Reportable Incidents

- An event that involves a release of gas from a pipeline and:
- A death, or personal injury requiring in-patient hospitalization; or
- Estimated property damage, including loss of cost of gas lost, of the operator and others, or both, of \$50,000 or more.
- An event that is significant, in the judgment of the operator, even though it did not meet the above criteria.

SD Gas Distribution Federal Reportable Incident Summary 1998 – 2008 YTD

| Year | Number | Fatalities | Injuries | Property Damage |
|----------|--------|------------|----------|-----------------|
| 1998 | 1 | 0 | 0 | \$90,907 |
| 2004 | 1 | 0 | 0 | \$110,266 |
| 2007 | 2 | 0 | 0 | \$696,630 |
| 2008 YTD | 1 | 0 | 0 | \$150,000 |

Probable Cause of Recent Incidents

- 2007 Mitchell house explosion – third party damage to pipe
- 2007 Aberdeen fire – building fire caused rubble to topple meter resulting in gas fire
- 2008 Pierre Town Border Station – flange gasket failure

South Dakota Small Incidents

- A small incident is defined by the Commission as a dig-in or Class 1 leak which results in:
- (1) a loss of service to two or more customers for a duration of two or more hours; or
- (2) the evacuation of a multiple occupancy building or a business; or
- (3) injury of any type (regardless of whether or not it requires in-patient hospitalization); or
- (4) damage to property other than property owned or leased by the operator.
- For purposes of this Section, a Class 1 leak is defined as a leak that could be considered an immediate danger to the public.

2008 YTD Small Incident Summary

| # Small Incidents 14 YTD 7-30-08 | Probable Cause |
|----------------------------------|--|
| 9 | Third party excavation damage |
| 2 | Flooding |
| 1 | Vehicular damage |
| 1 | Valve failure – frost movement |
| 1 | Utility operator error – shut wrong valves |

Current Pipeline Safety Events

- 2008 inspections 80 % complete
- Sioux Falls municipal landfill gas pipeline Sept 2008
- Certification training for new inspector
- Hosting operator safety seminar April 2009

Federal Oversight of SD Gas Pipeline Safety Program

- Annual audit of the program by the Office of Pipeline Safety Central Region Kansas City office
 - Inspections made
 - Citations issued
 - Is SD following its pipeline procedures plan?
- Administrative support from the State Programs Office
- Technical support from Central Region and Training & Qualifications
- Inspectors required to complete 6 courses taught by OPS Training & Qualifications group in Oklahoma City

Federal Pipeline Regulatory Authority in South Dakota

- Interstate hazardous gas pipelines
- Hazardous liquids pipelines
- Regulatory authority - Central Region of the Office of Pipeline Safety
 - Ivan Huntoon, Director
 - 901 Locust Street, Suite 462, Kansas City, MO 64106
 - 816-329-3800

Interstate Pipeline Definition

- Gas – Lines subject to the economic regulatory jurisdiction of FERC
- Liquids – Tariff filed with FERC or exemption from filing

Interstate Pipeline Definition

- 49 U.S.C. 60101 – Definitions
- (7) "interstate hazardous liquid pipeline facility" means a hazardous liquid pipeline facility used to transport hazardous liquid in interstate or foreign commerce
- (8) "interstate or foreign commerce"—
 - (B) related to hazardous liquid, means commerce between--
 - (i) a place in a State and a place outside that State; or
 - (ii) places in the same State through a place outside the State

Interstate Pipeline Definition

- In order to have an administratively practical approach, DOT has decided that the FERC inventory of pipelines subject to FERC will be used to determine what is an "interstate" liquid pipeline
- Exception for those pipelines with a FERC filing or exemption which DOT determines would clearly not survive a jurisdictional challenge